T 19/985

Information for Tax-free Alcohol Applicants

NEWARK PUBLIC LIBRARY
MAR
U. S. GOVT. DOCS.
DEPOSITORY 376

Department of the Treasury
Bureau of Alcohol
Tobacco and Firearms

ATF P 5150.4 (9/85)

T 70.2:

Tax-free Alcohol

Tax-free alcohol is the substance known as ethyl alcohol or ethanol having a proof of 190 degrees or more when withdrawn from the bonded premises of a distilled spirits plant free of tax, including all subsequent dilutions and mixtures of ethyl alcohol. An industrial use permit is needed to procure or use tax-free alcohol. This publication provides applicants with the information necessary to file an application for an industrial use permit to receive and use tax-free alcohol.

Users of Tax-free Alcohol

Tax-free alcohol may be procured and used for authorized purposes only by:

- The United States
- State and local government agencies
- The District of Columbia
- Any scientific university or college of learning
- Any educational institution exempt from income tax under section 501(a) of the Internal Revenue Code
- Any laboratory for use exclusively in scientific research
- Any hospital, sanitarium, blood bank, or any pathological laboratory exclusively engaged in making analyses or tests for hospitals or sanitariums
- Any clinic operated for charity and not for profit

Uses of Tax-free Alcohol

Tax-free alcohol may be used for scientific, medicinal and mechanical purposes, and in the treatment of patients. Some specific uses which fall under these general categories are: sterilizing solutions, antiseptics, compounding prescriptions, and preparation of specimens.

Prohibited Uses of Tax-free Alcohol

- Tax-Free alcohol may not be withdrawn and used for beverage purposes, or in any food product, or in any preparation used in preparing a beverage or a food product.
- Tax-Free alcohol may not be sold.
- Tax-Free alcohol may not be used in the manufacture of any product which will be sold or in any product resulting from the use of tax-free alcohol which will be sold — Hospitals, sanitariums, or clinics may, however, make a separate charge for medicines compounded on the premises and dispensed to patients for use on the premises.
- Tax-Free alcohol may not be removed from the premises unless the removals are specifically authorized by the terms of the permit. This also applies to products resulting from the use of tax-free alcohol. However, products made through the use of tax-free alcohol which contain no alcohol may be removed to other premises for the sole purpose of further research. Also, medicines compounded by a clinic operated for charity and not for profit may be used off clinic premises for treatment of its patients if the medicine is not sold and no fee or other charge is made for furnishing the medicine to the patient.
- Tax-Free alcohol may not be given to doctors for use in their private practice by hospitals even though the doctor has an office in the hospital.

If you intend to use only small amounts of tax-free alcohol, consider purchasing taxpaid alcohol from a liquor dealer or using reagent alcohol, if possible. Reagent alcohol may be obtained from most laboratory supply houses. Taxpaid alcohol or reagent alcohol can be obtained without any type of permit.

If you obtain reagent alcohol in containers exceeding 4 liters, a letterhead application must be filed with your regional ATF office.

TO APPLY FOR A PERMIT TO USE TAX-FREE ALCOHOL, submit:

- ATF F 5150.22, Application for Industrial Alcohol User Permit
- ATF F 5150.25, Industrial Alcohol Bond — a bond is not required for withdrawals of less than 1,500 proof gallons annually, or if the applicant is a State, or political subdivision, or the District of Columbia
- Supporting data listed under OTHER REQUIREMENTS, if applicable

Other Requirements

Applicants who wish to obtain MORE THAN 1,500 proof gallons of tax-free alcohol per year must file the following:

Sole Owner —

- Name and address of each person with an interest in the business (whether interest appears in his/her name or in the name of another person or business entity for him/her)

Partnership —

- Name and address of each person with an interest in the business (whether interest appears in his/her name or in the name of another person or business entity for him/her)
- Certified true copy of the articles of partnership or association, if any, or certificate of partnership or association where required to be filed by any State, county, or municipality

Corporation —

- Certified copy of **EITHER** the certificate of incorporation **OR** authorization to operate in the State where the premises are located, if other than the State of incorporation
- Certified list of names and addresses of all officers and directors
- Statement designating corporate offices responsible for tax-free alcohol activities
- Number of shares and par value of each class of stock, and the voting rights of each
- Names and addresses of persons owning 10% or more of each of the classes of stock, and the nature and amount of stockholding or interest of each
- List of titles of offices whose incumbents are responsible for tax-free alcohol activities and authorized by articles of incorporation, the bylaws or by the board of directors to act and sign on behalf of the applicant

Signature Authority — When a person, other than the sole owner of a business, files any document with ATF, the applicant must provide evidence that the person who signed the document is authorized to do so. Evidence of signature authority may be furnished by submitting:

- ATF F 1534 (5000.8), Power of Attorney, for each person who will have signature authority (the Form 1534 itself must be signed by a person who is authorized to do so)

OR, in lieu of ATF F 1534 (5000.8)

- Partnership — Certified copy of the partnership agreement delegating authority to sign
- Corporation — ATF F 5100.1, Signing Authority for Corporate Officials, if signature authority is granted in the articles of incorporation, the bylaws, or granted by a resolution adopted by the board of directors (the wording must be specific in granting authority to sign applications and other documents required to be filed with ATF in connection with tax-free alcohol); or, other evidence that the corporation has given signature authority to an individual or to an office
- State, county or municipal agencies — Copies of resolutions, excerpts from ordinances or charters, or a statement submitted by the head of the department, bureau, or commission, designating the name or official title of the person or persons authorized to sign

Trade Names —

- List of trade names under which operations will be conducted and the states where these names are registered

OR

- Statement that the State does not require registration or approval of trade or fictitious name

Storage Facilities —

- Sufficient capacity to hold maximum quantity on hand at any one time
- Constructed and secured to prevent unauthorized access
- Stationary storage tanks must be equipped with a means for accurately measuring the tax-free alcohol

Stills —

- List all stills used for the recovery or redistillation of alcohol on ATF F 5150.22, Application for Industrial Alcohol User Permit

Right of Entry and Examination — Under the law, ATF officers may enter your premises during regular business hours to inspect records and reports and take samples of tax-free alcohol in order to assure compliance with the law and regulations

Approved Applications

When your application is approved, you will receive:

- An industrial use permit designating the activities permitted and the limitations imposed, if any. You may make copies of your permit to show suppliers that you are eligible to withdraw tax-free alcohol. Each copy must be marked with the word "copy," manually signed, and dated with the date of your signature. When you are not using your permit to make copies, it must be kept posted, available for inspection on the premises covered by the permit

- A copy of your application and supporting data which, along with all records, must be kept readily available for inspection by ATF officers

References

Regulations for the receipt and use of tax-free alcohol are found in 27 CFR Part 22. Copies of the Code of Federal Regulations (CFR) are for sale by the Superintendent of Documents, U.S. Government Printing Office, Washington, D.C. 20402

FOR FURTHER INFORMATION CONTACT:

Department of the Treasury
Bureau of Alcohol, Tobacco and Firearms
Washington, D.C. 20226

Official Business
Penalty for Private Use, $300

Postage and Fees Paid
Department of the Treasury
Treas 564